

## INVESTIGATION OF THE EFFECT OF THE CENTRALIZATION OF HEAVY INDUSTRY

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NOVEMBER 4 (legislative day, OCTOBER 25), 1943.—Ordered to be printed

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Mr. WHEELER, from the Committee on Interstate Commerce,  
submitted the following

### REPORT

[To accompany S. Res. 190]

The Committee on Interstate Commerce, to whom was referred the resolution (S. Res. 190) to investigate the effect of the centralization of heavy industry in the United States, after full consideration, without dissent report favorably thereon, with an amendment, and recommend that the resolution, as amended, do pass.

The amendment proposed is as follows:

Page 2, line 21, strike out "\$10,000", and insert "\$5,000".

One of the important problems presented for the attention of the Congress is the problem of a proper use of our natural resources. This is true not only in relation to post-war planning, where it is a vital factor, but also now, while the war is in progress, because it is important to the conduct of the war.

Much of this country's expansion for war production has ignored such basic factors as the location of resources, and has followed what appears to have been the line of least resistance; that is, augmentation and expansion of facilities already in existence. Whether this policy has prevented the country from reaching its maximum potentialities in various lines of production, and how much this policy has contributed to transportation bottlenecks, are questions of great importance.

These questions, and others proposed for consideration by the committee which this resolution would create, are so broad in scope, and embrace so many factors related to the economic development of various sections of the country, and of the country as a whole, that your committee deems it proper they should be the subject of inquiry by a special committee of the Senate.

Of immediate concern is the fact that shortages of scrap, of iron ore, and of steel continue serious. The war needs of the country for steel have been reported as more than 25 percent in excess of production. Yet vast natural resources for steel production remain unexploited.

The following table, based on information furnished by the United States Bureau of Mines, shows one phase of this situation State by State.

State	Has coal	Has iron ore	Produces iron or steel	State	Has coal	Has iron ore	Produces iron or steel
Alabama	X	X	X	Nebraska			
Arizona	X	X		Nevada	X	X	
Arkansas	X	X		New Hampshire			
California	X	X	X	New Jersey		X	X
Colorado	X	X	X	New Mexico	X	X	X
Connecticut		X	X	New York		X	
Delaware				North Carolina	X	X	
Florida				North Dakota	X		
Georgia	X	X	X	Ohio	X	X	X
Idaho	X	X		Oklahoma	X	X	
Illinois	X		X	Oregon	X		
Indiana	X		X	Pennsylvania	X	X	X
Iowa	X	X		Rhode Island			
Kansas	X			South Carolina			
Kentucky	X	X	X	South Dakota	X	X	
Louisiana				Tennessee	X	X	
Maine				Texas	X	X	X
Maryland	X	X	X	Utah	X	X	X
Massachusetts		X	X	Vermont			
Michigan	X	X	X	Virginia	X	X	X
Minnesota		X	X	Washington	X	X	X
Mississippi		X		West Virginia	X	X	
Missouri	X	X	X	Wisconsin		X	
Montana	X	X		Wyoming	X	X	

It will be noted that known coal deposits are to be found in 32 States, while iron ore in usable quantity and quality is known to exist in 34 States. Twenty-seven States have both iron ore and coal, but only 13 of these States have any iron or steel production. On the other hand, 7 of the States which now produce iron or steel lack, as a part of their natural resources, either coal or iron ore.

Many States which do produce iron or steel produce so little that their contribution to the total national output is almost inconsiderable. It is a question which should have the attention of the Congress whether those States whose production now is so small should not, through some coordinated program, be given opportunity to achieve a substantial expansion of this industry, so as to attain whatever place in the national picture should be theirs on the basis of their natural resources.

As to the States which have both iron ore and natural coal deposits, in usable quantity and quality, but which produce no iron or steel, it is a proper subject of inquiry whether any factors other than natural economic laws are hampering or preventing establishment in such States of such facilities for iron and steel production as their natural resources justify.

Centralization of industry can be a self-perpetuating economic factor. To whatever extent it is self-perpetuating, rather than dictated by the more basic factors such as resources, transportation, and

labor supply, it is unsound and detrimental to the national economy. The importance, to the Senate, of having the full and true facts regarding this situation, in the United States, is obvious. Such facts are basic to a proper consideration of the problems incident to the post-war planning which is and must be the responsibility of the Congress.

The Senate should have no hesitancy in authorizing a special committee to secure these facts, to study their implications, and to make sound recommendations for dealing with the complicated problems involved. For a proper discharge of its duties, the Senate must have such facts and such recommendations, and it should not be required to rely, in this regard, upon any outside source.



